

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

CITIZENS UTILITY BOARD

Request for an investigation)
into the current structure of the Nicor)
Customers Sect Pilot Program and the)
Proposed Changes filed August 10, 2000,)
Meet the Public Interest Standards and)
Other Requirements Set Forth in the)
Public Utilities Act. 220 ILCS 5/4-101;)
220 ILCS 5/8-101; 220 ILCS 8-102)

Docket No. 00-0620

REBUTTAL TESTIMONY

OF

MARTIN R. COHEN

ON BEHALF OF

CUB EX 2.0

FEBRUARY 7, 2001

OFFICIAL FILE
I.C.C. DOCKET NO. 00-0620/621
CUB Exhibit No. 2.0
Witness _____
Date 3/01 By BMR

1 Q. WOULD YOU PLEASE STATE YOUR NAME AND BUSINESS ADDRESS?

2 A. My name is Martin R. Cohen. I am Executive Director of the Citizens Utility Board. My
3 address is 208 S. La Salle, Suite 1760, Chicago, IL, 60604.

4

5 Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY IN THIS PROCEEDING?

6 A. Yes. My direct testimony was submitted as CUB Ex. 1.0.

7

8 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

9 A. I want to address the premise of Mr. Harms testimony that all of the concerns raised by
10 Ms. Alexander in her direct testimony should be addressed in a generic case or legislative
11 hearing. Conceptually, many of Ms. Alexander's are broad concerns that should be addressed in
12 a generic manner by either the Commission, the legislature, or both. However, Nicor is
13 attempting to circumvent such generic proceedings by opening 100% of their market to
14 competition through the Customer Select pilot. The problem is that the issues raised by CUB
15 and GCI in direct testimony need to be addressed before we move forward with full scale retail
16 competition in the residential market. Nicor has chosen this pilot as a forum, not CUB.

17 Consumers have been confused about the distinction between Nicor and Nicor Energy,
18 and they have been confused about the price they would actually be paying if they signed up
19 with Nicor Energy because of the way Nicor Energy described the rate they would be paying and
20 when the 26.5 cent lock-in would apply. The attached complaints provided by CUB in response
21 to Nicor Data Request 6 are examples of the problem.

1 CUB opposes moving forward until the pilot is structured in a way that attempts to
2 minimize the chance that customers will not be able to make informed decisions regarding the
3 offers they receive, and minimizes the chance that they will be subjected to anti-consumer
4 practices. Hence, the Commission should reject Mr. Harms' position that these issues should be
5 dealt with in a separate proceeding unless the company is willing to wait until such a proceeding
6 is concluded before it attempts further expansion of its pilot.

7

8 Q. DOES THIS CONCLUDE YOUR TESTIMONY

9 A. Yes.

**Responses of the Citizens Utility Board (CUB) to the
First Set of Data Requests of Northern Illinois Gas**

CUB Ex.
2.1

ICC Docket Nos. 00-0620 and 00-0621, consolidated

CUB 6

Provide a list of all telephone calls the Citizens Utility Board has received by month from customers over the past three years related to the Customer Select program. Identify the issues raised by each call.

RESPONSE:

Prior to December 1998, consumer complaints were not entered into a database as they are now, but rather written on paper (a "CUB Consumer Inquiries" form). These forms as well as consumer correspondence are archived in our storage area. Rather than delay responding to this question until that information can be retrieved I analyzed, I have provided information for 1999 and 2000. The information for 1998 will be provided at a later date. The following information also does not include information recorded on January 21, 2000 up to and including March 21, 2000. This information was unfortunately lost due to a data crash in March.

The attachment for the response to CUB 7 is the individual consumer inquiries we have received. These inquiries are grouped by month.

**Submitted by: Sandra Marcelin, Director of Consumer Advocacy
Date: January 5, 2001**

**Responses of the Citizens Utility Board (CUB) to the
First Set of Data Requests of Northern Illinois Gas**

ICC Docket Nos. 00-0620 and 00-0621, consolidated

CUB 7

Summarize the number, types and resolutions of any customer complaints and the disputes concerning Nicor Gas' Customer Select program that were received by the Citizens Utility Board. Provide the customer's names, Nicor Gas account number, date and type of complaint lodged with the Citizens Utility Board and how the complaint was resolved for the prior three-year period. Has the Citizens Utility Board provided or discussed these complaints and the result of any such discussions. If not, explain why the Citizens Utility Board did not bring these issues to the attention of Nicor Gas.

RESPONSE:

December 1998	0
January 1999	0
February 1999	0
March 1999	1
April 1999	0
May 1999	3
June 1999	0
July 1999	0
August 1999	1
September 1999	0
October 1999	0
November 1999	1
December 1999	0
January 2000 *	5
March 2000*	30
April 2000	2
May 2000	1
June 2000	1
July 2000	4
August 2000	2
September 2000	3
October 2000	3
November 2000	0
December 2000	1

Per our verbal agreement with Mr. Mattson on January 5, 2001, information pertaining to the identities of the consumers who have filed these complaints have been removed from the forms. The information contained in the "Summary" box provides the response

**Responses of the Citizens Utility Board (CUB) to the
First Set of Data Requests of Northern Illinois Gas**

ICC Docket Nos. 00-0620 and 00-0621, consolidated

to "type of complaint logged" and the "CUB Utility Response" box provides the response to "how the complaint was resolved".

Decisions as to how whom should be contacted to resolve a complaint or inquiry depends on the complaint or inquiry. Generally the resolution methods are as follows.

Complaints that were discussed with Nicor employees were discussed with John Madziarczyk at 630-983-8676, ext. 2218 and Darlene McCue at 630-983-8676, ext. 2155.

Consumers who wanted to file a complaint against the company were directed to the Illinois Commerce Commission and/or the Attorney General's Office.

Consumers who wanted CUB's opinion or information provided CUB were given the information directly.

**Submitted by: Sandra Marcelin, Director of Consumer Advocacy
Date: January 5, 2001**

CUB Consumer Inquiry

Date: 3/22/99

Call Taken By

Utility Company NICOR

Concern Customer Select Program

Caller First Name

Caller Last Name:

Name On Account

Name On Account

First

Last

Address:

City

State

Zip

Work Phone

Home Phone

Account Number

Summary

He is concerned about customer select program. Nicor Energy has unfair advantage because of name identification. Some of their customer sigg-up tactics are unfair. They are giving the entire gas-deregulation process a bad name. He wants to advise CUB of a number of things occuring that are not "upfront" for the consumer.

CUB Utility
Response:

Noted consumers concerns in a report form to be discussed at staff meeting and forwarded to Rob Kelter and Jonathan.

Summary

They signed up for Customer-Select Program in February'98, through Nicor, and chose MC "Squared", as supplier. From July'98 thru Dec'98, they heard nothing from "MC". Then, notice came that they filed bankruptcy, and customers were being solicited by Peoples Gas, who advised that they had purchased all the MC "Squared" accounts. She says they should have been give notice of the new ownership. Further, the original account with MC was for .2666. Peoples Gas offered .2966. However, they were required to pay the original account price, despite the new ownership. There's more. If customers were unhappy with these or other arrangements, they were offered the option to "opt-out" of the contract for \$320.00, which she adds, that no one wanted to pay. She says her "biggest

Summary

They signed up with Peoples Energy in March, 1999, as part of Customer Select Program. Says she is unhappy with program, as she has to write 2 checks: one to Nicor--one to Peoples Energy. She finds this frustrating, as her vision is impaired. Says she has trouble getting through to customer service, but was advised that the penalty to cancel contract would be \$350.00. Says further, she was advised by Nicor that she had until May 20, 1999 to withdraw from contract, but Peoples Energy advised her that her cut-off withdrawal date was May 1, 1999. There appears to be discrepancies in contract, and with Nicor and Peoples Energy dates. Says she wants to cancel, and does not feel that \$350.00 to do so, is fair.

Summary

He received 2 bills in one month from Nicor Energy. He is part of the Customer-Select Program. He says they promised savings of 25%. On May 3'99, he received bill for \$6,827. One week later, he received a bill for \$8,708. The explanation for such, was that he was inadvertently removed from "Select" program. When they put him back on the program, he was charged more in "Select" program, where he is supposed to be saving 25%. Says, "Go figure".

**CUB Utility
Response:**

Contacted J. Madziarczyk at Nicor Energy

Summary

He called CUB in response to the article written in the Daily Herald Newspaper regarding Nicor Gas "Customer Select Program". He says he is pleased CUB is looking into some of the questionable practices outlined in the article. He says he has suggestions, as he is a Nicor Energy customer. One suggestion he gave, is that the utility company should list upfront, how they arrive at gas service charges. He noted that he may have other suggestions.

CUB Consumer Inquiry

**CUB Utility
Response:**

I advised him that I was noting his feedback, and would pass his suggestions on to the appropriate persons at CUB, working on this matter. I suggested that someone may call him back for additional feedback. He said that would be okay.

Summary

[REDACTED] called to request information regarding Nicor's customer select program. He wanted the names of the participating companies.

**CUB Utility
Response:**

I gave [REDACTED] the names of the participating companies. I also advised him to read any contracts very careful to make sure he is getting the savings that are being promised to him.

Summary

Customer wanted information on how to choose an alt. provider.

**CUB Utility
Response:**

*From the information so far there is not as much savings for
residential customers
*It is very important to read the fine print.

Summary

Does Citizens Utility Board have any information that will help me in choosing a provider?

CUB Consumer Inquiry

**CUB Utility
Response:**

We do not have information that will tell you which provider is best, but will have information on questions you can ask to allow you to choose a company. When this information is available, we will mail it out to you.

Summary

Customer seeking information on Pilot Program

**CUB Utility
Response:**

Informed customer that we hope to mail this information early next week

Summary

Wanted information that will help her make an informed decision on which provider to choose.

**CUB Utility
Response:**

Explained that the information was being compiled and should be sent to her next week.

Summary

Customer received information from NiCor and wanted information on choosing a provider. Also wanted to know whether it was worth switching.

**CUB Utility
Response:**

I informed him that the information is being compiled and that we would greatly appreciate seeing the information he has received. [He stated he would place it in mail 1/21/00].

Summary

Cubic feet is multiplied by 1.019 to convert therms. That amount is then multiplied by the gas charge per therm to give you the gas costs for the month. With Nicor Energy the affiliate supplier, the cubic feet is multiplied by 1.019 and then by 1.017 and then multiplied by gas charge per therm.

CUB Consumer Inquiry

**CUB Utility
Response:**

Will talk to Marty on Monday and call consumer back.

Marty called customer back.

Summary

Customer wanted information that would help him choose a supplier.

**CUB Utility
Response:**

Mailed 3-14-00.

Summary

Customer was solicited by Nicor Energy Tuesday night to make company her gas supplier. She is not even sure what she signed up for, can she get out of it.

**CUB Utility
Response:**

Will call Darlene.

Summary

Customer did not understand program and wanted more information.

**CUB Utility
Response:**

Spoke with her about which portion of her bill would be affected and sent fact sheet

Summary

Solicited for program by phone, did not realize what she was getting into. Can she get out of it? She just received CUB Voice and realized she should have gotten all info first. Received confirmation letter today.

CUB Consumer Inquiry

**CUB Utility
Response:**

Informed her that she could get out of it and gave her the number for Nicor.

Summary

Should he switch?

**CUB Utility
Response:**

Send fact sheet

Summary

information to make a decision.

**CUB Utility
Response:**

will mail.

Summary

Information

**CUB Utility
Response:**

Fax her fact sheet.

Summary

Needs info to help him make a decision.

**CUB Utility
Response:**

send via fax at 815-838-5065

Summary

Information on various suppliers.

**CUB Utility
Response:**

Referred her to website.

Summary

Provider information was requested.

**CUB Utility
Response:**

Referred her to website.

Summary

Customer had questions about the program and other suppliers. Did not really understand who will bill her for what.

**CUB Utility
Response:**

Answered questions.

Summary

Information on suppliers.

**CUB Utility
Response:**

faxed 3/30/00.

Summary

Customer wanted Information on what exactly he was being offered.

**CUB Utility
Response:**

Explained over phone and he decided he was not interested in switching, hence not interested in fact sheet.

Summary

CUB's position on having other suppliers.

**CUB Utility
Response:**

We want fair competition.

Summary

Customer wanted the info regarding NICOR's CSP, but is upset because deadline is tomorrow and has no access to fax/internet. He says its our fault. He just saw it in the local paper.

CUB Consumer Inquiry

**CUB Utility
Response:**

Informed him that we had info. In our newsletter much earlier.
Asked if he had access fax or the internet, which he did not.

Summary

Customer does not want to switch if there are contracts.

**CUB Utility
Response:**

All have contracts and possibly hefty exiting fees.

Summary

Customer wanted information on othe companies because she was only solicited by NICOR NRG.

**CUB Utility
Response:**

Read her info from fact sheet.

Summary

Customer wanted to know what to do about program choice because she is on a budget and the companies do not offer budget billing.

CUB Consumer Inquiry

**CUB Utility
Response:**

If she must be on a budget and other companies are not offering one she needs to take this into consideration because a large portion of a gas bill is the gas cost.

Summary

Wanted information because there was none available.

**CUB Utility
Response:**

sent via fax.

Summary

Loved newsletter. Wanted to get fact sheet. Will call back with a fax #.

**CUB Utility
Response:**

Summary

Information on how to switch to Nicor NRG.

**CUB Utility
Response:**

Gave her the telephone number.

Summary

Information

**CUB Utility
Response:**

Gave her some over the phone and directed her to the website.

Summary

Is not switching because she's skeptical, but wants information.

**CUB Utility
Response:**

Mailed 3/31/00

Summary

Did not understand what this meant for her. What is the benefit in switching?

**CUB Utility
Response:**

Gave her objective info from fact sheet.

Summary

Customer wanted our information on the suppliers and pitfalls.

**CUB Utility
Response:**

Referred him to website.

Summary

Thinking of not switching, wanted to know if we had a recommendation.

**CUB Utility
Response:**

No recommendation but telephone numbers and information were provided.

Summary

Information on three companies.

**CUB Utility
Response:**

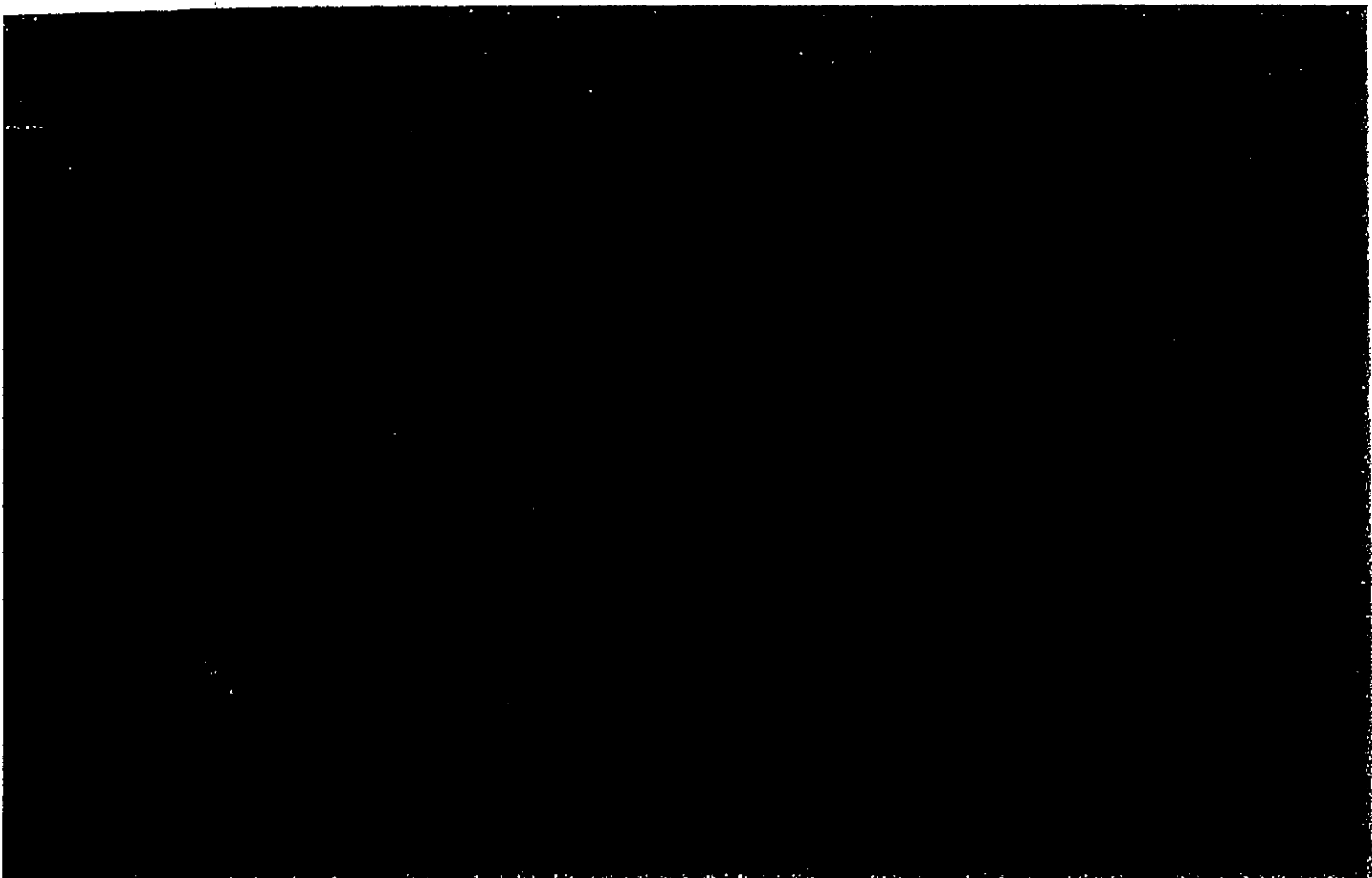
Gave her info via telephone.

Summary

Information on providers.

**CUB Utility
Response:**

Faxed to him 3/31/00



Summary

Caller states she received NiCor Select solicitation in the mail and threw it out. Later, she received a letter from NiCor Energy congratulating her for switching to the program. On 3/28/00, she called the company to state she received no phone solicitation, had tossed the mailed information in the garbage, and did not want to sign up. She asked how this could happen, and was told someone must have accepted, she & her husband deny this.

3/31/00, she receives a letter from NiCor Energy stating her status has been accepted. She calls NiCor Gas, & they state they have noted her account, but that she should contact NiCor Energy.

**CUB Utility
Response:**

Will inform our atty. on case.

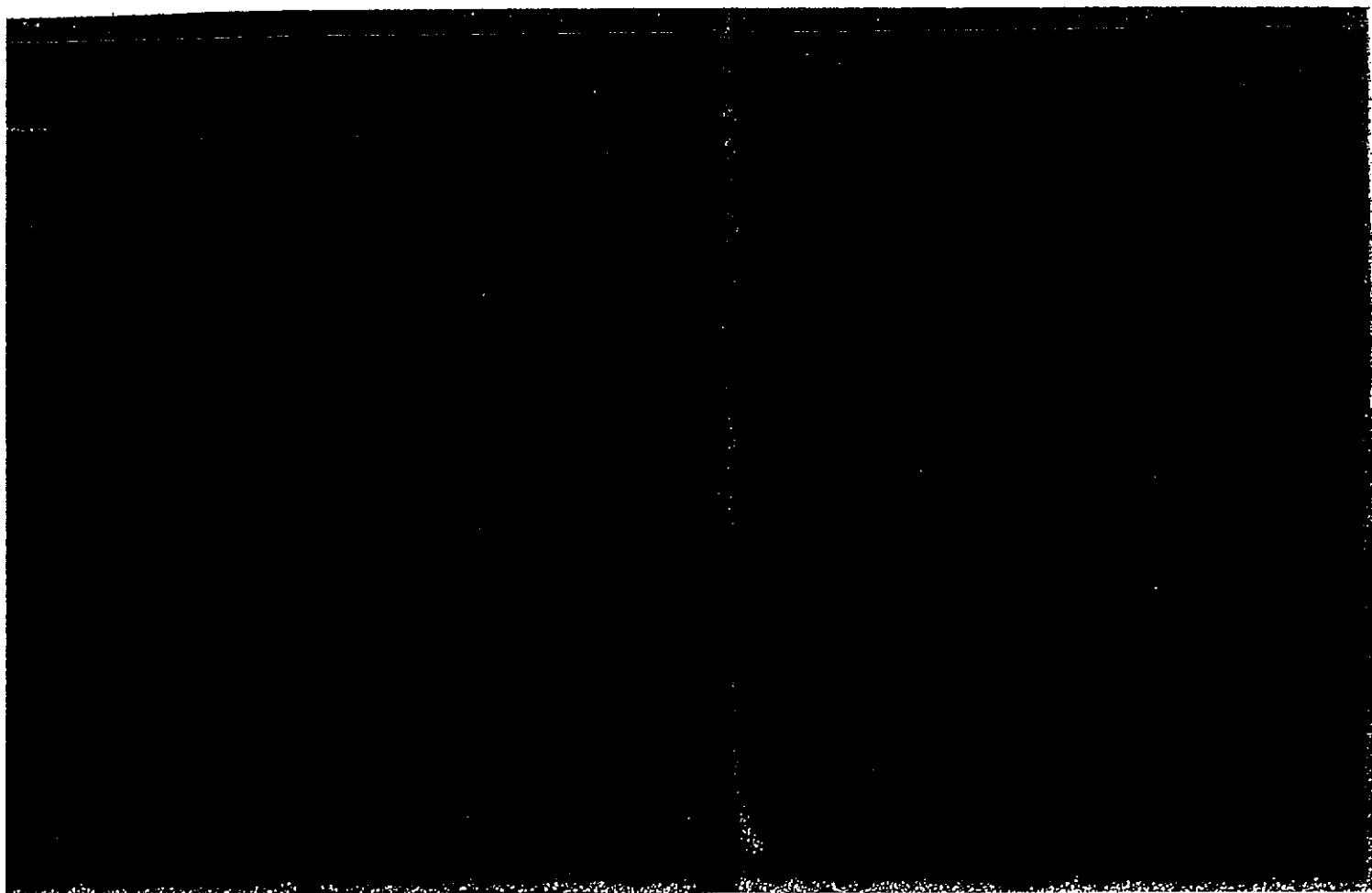
Summary

Claims NICOR charges more than their listed price.

CUB Consumer Inquiry

**CUB Utility
Response:**

Asked that customer file a complaint with ICC.



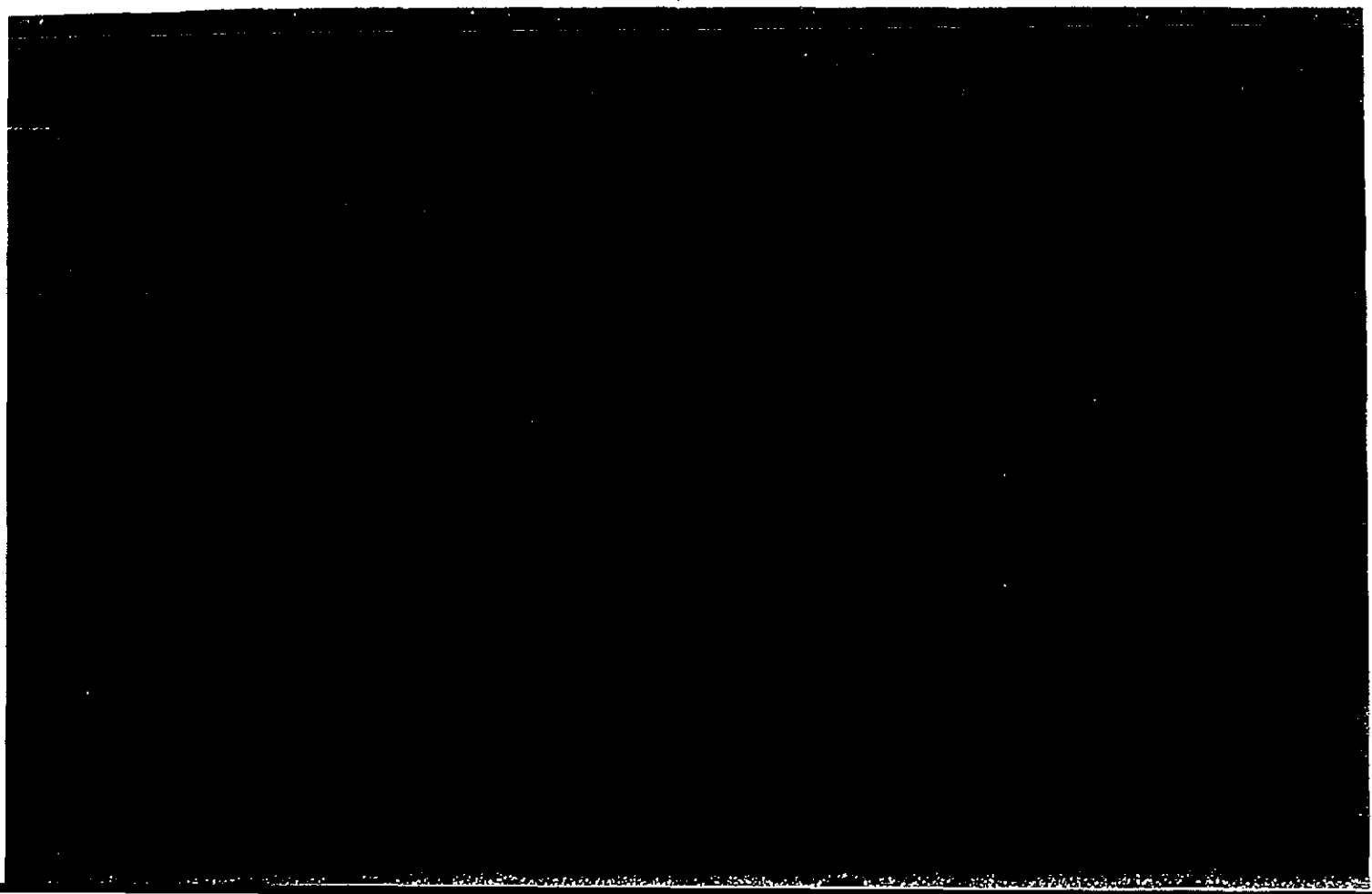
Summary

Customer states that he was solicited by Nicor to switch and though he was switching to the same company. He states that he specifically asked whether he could keep Peoples as a supplier and that he was told yes. He now has a \$350 charge from company.

CUB Consumer Inquiry

**CUB Utility
Response:**

Gave him # for ICC/Gave copy to MRC.



Summary

Customer was promised 26.5 cents per therm. But is being billed over 35 cents a therm. From phone conversation he was led to believe he would be charged a fixed rate of 26.5 cents/therm.

**CUB Utility
Response:**

Will bring up with MRC/RK

Summary

Customer reports to have been quoted a "locked-in" rate of \$0.265/therm by joining Customer Select program. Now he is being charged \$0.43/therm, when he called Nicor was told this was due to an increase in oil prices. He is sure he was told the original rate would not change.

CUB Consumer Inquiry

CUB Utility
Response:

Gave him ICC #.

Summary

Customer was with Nicor Gas and Peoples Energy. Then heard about Customer Select Program, and that he could save 20% with Nicor Energy. So he signs up for this. A few days later, he hears from Peoples Energy that for terminating his contract with them, he must pay an exit fee of \$350. He had not been aware of signing any contract with them, but they inform him that it was a "voice verified" contract. Customer states to Peoples Energy that, since he has a contract with them, he will not go through with the change. A customer service rep at the time told him that this would be fine, and that they would waive the \$350 fee. He notified Nicor, and his service has still not been switched. Now, however, Peoples Energy states that he cannot come back to them now, and that he still owes the termination fee. They

CUB Consumer Inquiry

**CUB Utility
Response:**

7/14/00: Talked to Brian at Peoples Energy, who stated that the ball is in NiCor's court.

7/17/00: Left message for Brian re: fact that Customer has received a cancellation notice from NiCor Energy.

Summary

Customer enrolled in the Customer Select Program-was blatantly misled (told he would be locked in at \$.265/therm, instead, paid \$.43/therm). So he went to the press, got a lawyer, obtained tapes, managed to work out a deal to his advantage. But he still wanted to register his complaint with us. Also informs me that right now, prices at Nicor Gas are LOWER than those at Nicor Energy.

CUB Utility Response:

Told him CUB was working on stopping this "pilot program" from becoming a full-fledged, permanent deal.

Summary

Caller states he was quoted a "locked-in" price of \$0.265/therm, and when he got his bill, it was a much higher rate.

**CUB Utility
Response:**

Went over the details of contract, will send fact sheet.

Summary

Customer signed up for Customer Select Program, thinking that he would be locked in at 26.5 cents/therm from the start.

CUB Consumer Inquiry

**CUB Utility
Response:**

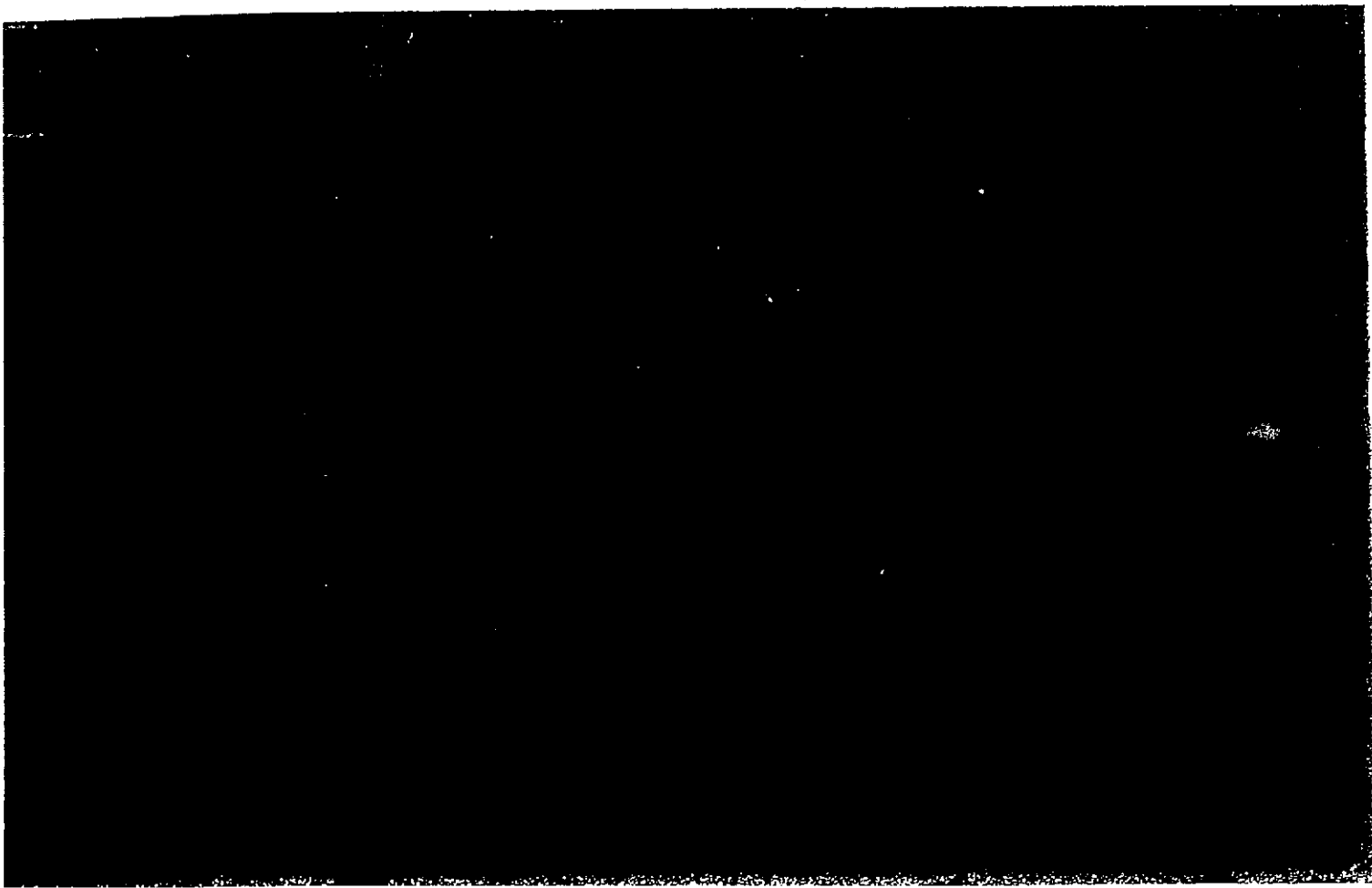
Told him to file complaint with ICC

Summary

Caller states that in 12/00 he was told his rate would be "locked-in" at \$0.265/ therm.

**CUB Utility
Response:**

Gave # to ICC & AG



Summary

Caller states he was quoted a rate of 26.5cents/therm when offered the program. He states his bills do not reflect this rate.

**CUB Utility
Response:**

Gave # to ICC.
Sent understanding bills booklets.

Summary

Caller states he was quoted a rate of 26.5cents/therm. He received his bill, was charged a much higher rate, feels he was misled. He saw an article yesterday about CUB requesting ICC action.

**CUB Utility
Response:**

gave # to ICC

Summary

Thank you for taking action against Nicor Energy, LLC.

We believe that we were completely misled by Nicor Gas' marketing literature. We thought that you might be interested in our story:

Unfortunately, we signed up with Nicor Energy (NE) in February 2000. We chose NE because they claimed that their prices were 15% lower than Nicor Gas, they offered \$20 to switch and an addition \$25 if we paid through our American Express Charge Card.

**CUB Utility
Response:**

Summary

Customer wanted information on Customer Select Program; wanted to know if there was a charge to switch back if he is not happy with the company he signs up with.

**CUB Utility
Response:**

Told him that he should check to make sure that there is not fee for exiting the contract.

Summary

Caller wanted to complain about how NiCor Energy did not live up to their promise of 26.5 cents/therm. They also add a charge, (storage, balancing, and transition charge) that makes their rates higher than what he would have paid to NiCor gas, had he not gone with the Customer Select Program.

CUB Consumer Inquiry

**CUB Utility
Response:**

Gave him # for ICC

Summary

Caller is upset that he was misled by NiCor Energy into signing up with them because they promised a locked-in rate of 26.5 cents/ therm. He believes this is fraudulent.

**CUB Utility
Response:**

Gave him Attorney General and ICC numbers.

Summary

Caller states she was quoted a locked-in prices.

**CUB Utility
Response:**

gave # to ICC